

REMARKS

The sixth Office Action was mailed March 29, 2007 and Applicants now reply.

It should be appreciated that form 1449 from 12/10/2004 was not yet signed. It is respectfully requested that the references therein be used in examination of the present application.

STATUS OF CLAIMS

Claims 1, 4-22, 24-26, 28, and 30 are currently pending.

CLAIMS 1, 4-11, 14-22, 24-26, 28, and 30—HILLMER IN VIEW OF DEGEN AND HAYOSH

The Office Action rejected claims 1, 4-11, 14-22, 24-26, 28, and 30 as allegedly unpatentable over Hillmer in view of Degen, and further in view of Hayosh. The rejections are respectfully traversed.

None of Hillmer, Degen, and Hayosh Disclose Applicants' Claimed Blending the Model Score Value

Present claim 1 and the other independent claims further clarify the claimed subject matter. Support for the amendment to the claims can be found in the Specification in the section entitled, "Risk Estimate Blending." Thus, present claim 1 and the other independent claims recite that blending the model score value comprises "determining in which fraud risk zone, of two or more fraud risk zones, the boundaries of which are determined by the one or more merchant-specific threshold values, the model score value belongs; and applying a policy corresponding to the determined fraud risk zone, wherein the policy dictates a magnitude and an allowable direction of influence applied by a heuristic model and a statistical model." None of Hillmer, Degen, and Hayosh, alone or in combination discloses the claimed subject matter.

The claimed blending feature concerns overlaying of distribution of risk estimates observed for bad transactions on the distribution of risk estimates of good transactions to create one or more risk zones. For each of the zones, a blending policy is established and enforced. The blending policies are a function of both the nature of the risk estimation algorithms yielding the scores being blended as well as the nature of the risk zones themselves. For example, if a heuristic model risk estimate falls in risk zone 1, where most non-fraudulent transactions fall, then a statistical model is used to produce the final risk estimate. However, if the heuristic model risk estimate falls in a risk zone 4, where most fraudulent transactions fall, then the heuristic model is used to produce the risk estimate.

In stark contrast, Hillmer is concerned with breaking a transaction down into its component parameters and applying a scheme for determining a final fraud score. The final fraud score is compared against a threshold to determine the likelihood of the transaction being fraudulent. Hillmer is completely silent about evaluating fraud risk in a manner that includes, *inter alia*, applying a heuristic model and a statistical model, the magnitude and direction of each, depending on in which risk zone a model score value belonged. There would be no need in Hillmer to have the claimed feature as Hilmer already combines its first and second score to obtain a total fraud score.

Degen is concerned with scoring a match between applicant data provided by a client and data stored in a fraud database. The merchant application itself has a unique identifier portion, a non-unique identifier portion, and a reference portion. A processor having access to the merchant information calculates a first match score based on a match occurring in the non-unique portion, a second match score based on a match occurring in the unique identifier portion, and a third match score based on a match occurring in the reference portion. A total score is

calculated by summing the first, second, and third scores. Degen is completely silent about at least evaluating fraud risk in a manner that includes, *inter alia*, applying a heuristic model and a statistical model, the magnitude and direction of each, depending on in which risk zone a model score value belonged. Further, Degen does not fairly suggest this claimed feature, because Degen has no need for the kind of blending that applicants disclose and claim.

Hayosh has nothing to do with estimating risk. Hayosh is concerned with documents that can be imprinted with encoded symbols by a printer. A document reader can authenticate and verify the document and its authenticity and obviate any attempts for fraudulent behavior. Hence, the Hayosh reference adds nothing and is completely silent about and does not fairly suggest evaluating fraud risk in a manner that includes, *inter alia*, applying a heuristic model and a statistical model, the magnitude and direction of each, depending on in which risk zone a model score value belonged. Further, Hayosh is **non-analogous art** and should be removed as a reference. A person having ordinary skill in the art of fraud prevention would have no reason to examine a reference concerning printing encoded symbols on a document.

For all these reasons, claim 1, the other independent claims, and the respective dependent claims are deemed to be in condition for allowance. Reconsideration is respectfully requested.

CLAIMS 12-13—HILMER IN VIEW OF DEGEN, HAYOSH, AND BAKER

The Office Action rejected claims 12-13 as allegedly unpatentable over Hillmer in view of Degen, and further in view of Hayosh, and further in view of Baker. The rejections are respectfully traversed.

Claims 12-13 are dependent upon and therefore include all features of independent Claim 1, which is in condition for allowance for the reasons given above. Baker and Hayosh do not cure the deficiencies of Hilmer and Degen with respect to the features of claim 1, and therefore

the combination of four references does not present a *prima facie* case of unpatentability of claims 1, 12, or 13. Hence, Claims 12-13 are allowable over a combination of Hilmer, Degen, Hayosh and Baker. Reconsideration is respectfully requested.

CONCLUSIONS & MISCELLANY

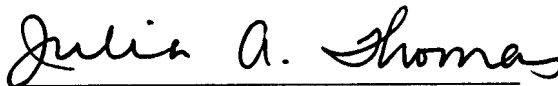
For the reasons set forth above, all pending claims are patentable over the art of record, including the art cited but not applied. Accordingly, allowance of all claims is respectfully requested.

No extension fee is believed to be due. However, to the extent necessary, Applicants petition for an extension of time under 37 C.F.R. § 1.136. The Commissioner is authorized to charge any fee that may be due in relation to this application to our Deposit Account No. 50-1302.

Respectfully submitted,

HICKMAN PALERMO TRUONG & BECKER LLP

Dated: June 29, 2007



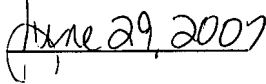
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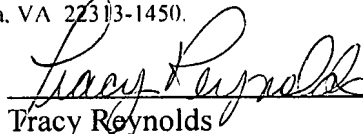
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by


Tracy Reynolds